

DOCUMENT #7

\$30 Million Investment

HOUSE *of* BUSH, HOUSE *of* SAUD

THE SECRET RELATIONSHIP BETWEEN THE WORLD'S
TWO MOST POWERFUL DYNASTIES

Craig Unger

SCRIBNER

New York · London · Toronto · Sydney

CRAIG UNGER

And so Carlyle became the vehicle through which the highest officials of the Reagan-Bush era reaped their rewards. Prince Bandar himself, the *Washington Post* reported, was among those who invested.⁴¹ In 1995, the bin Ladens joined in, investing \$2 million in the Carlyle Partners II Fund, a relatively small sum that was widely reported to be part of a larger package. And according to Cherif Sedky, Abdulrahman and Sultan bin Mahfouz, two sons of Khalid bin Mahfouz's, became investors that year as well by making an investment "in the neighborhood of \$30 million."^{42*} Carlyle put a first cousin of the bin Mahfouzes, a Saudi investment manager named Sami Ba'arma who oversaw their finances, on one of its boards.⁴³

Now that key Saudis, who had the blessing of the royal family, shared in the profits, it was not difficult for Carlyle's defense companies to win contracts in Saudi Arabia. In the wake of the 1991 Gulf War, while under Carlyle ownership, defense contractor BDM won contracts for technical support services for the Royal Saudi Air Force⁴⁴ and computer systems in Kuwait.⁴⁵ In 1993, BDM opened an office in Riyadh and expanded its presence to support its growing interests in the kingdom.⁴⁶ In 1994, it won lucrative new contracts to provide technical and logistics support to the Saudi Air Force.⁴⁷

In 1995, after a visit to the kingdom by Carlucci, Vinnell won a \$163-million contract to modernize the Saudi Arabian National Guard.⁴⁸ According to Associated Press accounts, under a new contract with the Saudis, Vinnell, which was serving as part of the personal bodyguard unit for Crown Prince Abdullah bin Abdul Aziz, the designated heir to King Fahd, agreed to "share the proceeds, taking on a brother-in-law of the crown prince as a joint-venture partner. Saudi Arabia's princes often make government contracts a family affair."⁴⁹ In July 1995, BDM announced its earnings per share had increased 46 percent, in large measure due to the company's expansion in Saudi Arabia.⁵⁰ In all, BDM alone had more than \$5 billion in contracts with the Saudis over two decades.⁵¹

*The Carlyle Group categorically denied that Prince Bandar or the bin Mahfouz family ever invested in Carlyle. When apprised of Carlyle's denial, Cherif Sedky stood by his original statement. "I assume that Carlyle has records of investments from somebody on the bin Mahfouz side, whether it is with Sami Ba'arma as a nominee or someone else," he said, in an e-mail to the author.

[COMPANY](#) | [TEAM](#) | [PORTFOLIO](#) | [NEWS](#) | [CONTACT](#) | [CAREERS](#) | [SEARCH](#) | [INVESTOR](#)

THE CARLYLE GROUP

View Investments By [Fund](#) | [Industry](#) | [Geography](#)

Fund



[Home](#) : [Fund](#) : [Buyout](#) : [U.S. Buyout](#) : [Portfolio](#)

U.S. Buyout

The Carlyle U.S. Buyout team engages in buyouts, privatizations and strategic minority investments in partnership with experienced management teams primarily in the United States and Canada.

- ▶ [Investment Approach](#)
- ▶ [Portfolio](#)
- ▶ [Team](#)
- ▶ [Submit Business Proposal](#)

Portfolio

- ▶ [Carlyle Partners II](#)
Launched in 1996 at \$1.3 billion, this fund conducts leveraged buyout transactions in North America in targeted industries.
- ▶ [Carlyle Partners III](#)
Launched in 2000 at \$3.9 billion, this fund conducts leveraged buyout transactions primarily in North America in targeted industries.
- ▶ [Carlyle Partners IV](#)
Launched in 2005 at \$7.8 billion, this fund conducts leveraged buyout transactions in North America in targeted industries.

© 2003 TC Group, L.L.C. All rights reserved.

[HOME](#) [CONTACT](#) [SEARCH](#) [SITE MAP](#) [CAREERS](#) [LEGAL](#)